

Uncertainty, Not High Prices, Holds Building in Check

Fear of Lower Costs Keeps Down Construction, Though High Rents Offer Big Inducement

In the old days, say four years ago, at about the time that the great world war was getting well under way, a dollar had power in the markets which many think has gone forever. One hundred cents then would buy nearly twice as much food and wearing apparel and other things as 200 cents will today. There has been a general push up of prices in everything. You are paying more now to-day than ever before for the reason that there is a limited amount of construction, due to the high cost of building. Next to food, the building situation is the most serious. People cannot continue to meet the increases in rentals and still be able to buy sufficient food and clothing for health and self respect. Speculations in rentals will continue until building is resumed, and just now builders are marking time waiting patiently for a shift in material prices that will guarantee construction that can be rented at prices which they consider fair.

There are builders who hold that rentals are too high and see a reaction in real estate unless a break comes to permit them to resume building. Construction costs, conservatively speaking, are 40 per cent above the figures for 1915. In some classes of construction the increase over 1915's prices is as much as 100 per cent. The increase is less in the class of residential property most needed at this time, but even at that the price is more than a builder cares to operate under, feeling that, perhaps, costs will come down at any time.

It is led to this belief by reductions which have been made in certain kinds of equipment for buildings. Steam heating appliances, for instance, are only a few dollars above the pre-war price. A certain large plumbing house has reduced the cost of its manufactured goods to a level which is slightly over 1915's figures. Steel has come down and cement eased off a little during the week. These declines encourage the builder to wait for possible concessions in the price demands for brick, gravel and lumber and the other material which enters largely into the construction of buildings, especially those of residential character. Just at this moment the builder who undertakes construction must be prepared to pay prices about 50 per cent above what he paid in 1915. In other words his building, whether it be a six-story walk-up or a ten-story elevator structure, will cost about one-half as much more than it would have cost before the war.

Assuming that a high class apartment structure of a fine hotel was to

be built, the builder would soon discover that he would have to spend at least twenty cents more on each cubic foot. In 1915 he would have erected a cubic foot. He could buy ten barrels for a cent in 1915, but to-day he must pay about a cent and a half for each barrel.

Take the common product line, whose market value was \$1.15 for a barrel of 300 pounds before the war. It is \$3.50 to-day. Many hundred barrels of the material are used in building a house. Say 200 barrels are required in the construction of a certain type of house. The lime bill under the prevailing rates would be \$700, or \$400 more than under the old rate, the rate which builders are waiting to return or rather building loan interests think may come back. The power of a dollar in the building field has shrunk from a third to three-fourths.

One of the best known architects in the country was asked about the first of the year to design a hotel building similar in many respects to one built under 1915 prices. When the hotel man received the figures he was startled at the amount he would have to invest. He wrote to the architect expressing his diplomatically his belief that the architect made a mistake in his figuring and that he wished he would check them up. The architect expected something like this and set out to get the cost of the various materials which went into the hotel his client had in mind. The comparison of the very best that the architect chieft himself. He had no idea that prices at the first of the year, when he made the comparison, would tell such a tale.

The comparisons showed that material had jumped 110 per cent, and that labor had moved up 25 per cent. The figures show:

	1915	1918
Brick, per M.	\$5.75	\$14.00
Cement, per barrel	1.25	3.20
Rock, per yard	.95	1.80
Gravel, per yard	.80	2.00
Lime, per ton	1.15	2.75
Lumber, per M. ft.	64	115.00
Flooring, per M. ft.	14.00	42.00
Lumber, per M. ft.	14.00	42.00
Lath, spruce	4.00	28.00
Sand, per yard	.45	1.25
Fabricated steel, per cwt.	1.85	3.20

Totals: 1915, \$53.32; 1918, \$116.03.

Average Increase is 110 Per Cent.

It was estimated that the building cost did not produced much under \$1,000,000. The building to be duplicated actually cost \$800,000. The \$200,000 difference is chiefly taken up in the eleven materials mentioned above. It was figured out that it would cost \$450 a room to build under current price, while the original structure was put up at a cost of \$3,000.75. The analysis was brought down to the cost of the very best that the architect chieft himself. He had no idea that prices at the first of the year, when he made the comparison, would tell such a tale.

It was possible to buy 1,000 bricks four years ago for \$5.75, which at the rate of .0575 for each brick. At

\$14 a thousand the cost per brick in December was 1.4 cents. Apply this to the facade of the building and the result would be that the amount of money was paid for the facade of the original structure would carry the wall in the proposed structure not more than half way. The price comparisons were made on a structure fourteen stories high, 80 feet wide and 160 feet deep. It was estimated that the building contained 1,800,000 cubic feet. The comparison showed the average cost of each floor in the structure to be \$80,714.

The architect showed that it would cost \$79,000 a floor to produce the building to-day. The number of barrels of cement and lime and the tons of steel and the feet of plumbing and yards of gravel and sand used in the structure were obtained by the architect, with the prices, and alongside of these were placed the prices of December 1915. The difference in the cost was easily seen, and it is likely that the structure will be erected now that the owner has been convinced just how little a dollar will buy in the construction field.

The statement was made yesterday by an architect, who has specialized in country house designing and who holds a place high in his profession, that suburban dwelling costs were much higher than urban costs. He estimated

the increase in country house construction over that of 1915 at 75 per cent at least. He said that in some parts of the country it would be higher. For instance, in this part of the state brick is selling at about \$15 a thousand, while near Syracuse \$20 a thousand is the price. In other things costs upstate are under those in the Metropolitan district of New York. In some sections it is not as much material as labor that increases costs. Skilled men are not to be had to put into form the material which can be had in the local section, perhaps at prices less than in this part of the state.

Another architect substantiated these expressions. He said that the price increase was as much as 75 per cent, because only last week he let a contract for a house at \$37,000 which could be built in 1915 at \$20,000.

Except for tilting everything that goes into the construction of the country home has moved up a big step. Even the builder's profit has advanced 50 per cent. Carpentery, which is the chief item in the construction of most country houses, has advanced more than any other. How much construction work in suburban areas has increased over costs of 1915, the last year that escaped the influence of the war, is indicated in the following figures: On them a contract for a country house of little more than a year ago, completed for \$7,500 less in 1915. A

speculative builder could have done the job for even less money. The figures which may be accepted as representative of construction costs in the metropolitan district at this time, are:

	1915	1918
Masonry	\$2,000	\$1,000
Carpentry	4,000	2,000
Electric	500	600
Plumbing	750	1,000
Heating	750	1,000
Painting	600	1,000
Sheet metal	180	300
Hardware	240	400
Tiling	180	300
Incidentals	200	300
Builder's profit	1,020	1,700
Totals	\$11,480	\$18,800

Builders are now engaged in making an exhaustive study of construction prices. They are endeavoring to ascertain exactly what is the increase in the cost of building this type and that type. They are trying to learn what are the factors in the list in prices; what are the factors that make it possible to build less in one section than in another. The information will be applied in an effort to stabilize prices, to eradicate sectional factors which make for unequal levels and to restore confidence in the ranks of the builders, who just now are very much undecided as to the course they should pursue.

The needs of the city are great. Builders appreciate the fact that their houses would be filled and that no con-

cession in rentals need be given. High rentals are tempting, but sober thought has brought many to think construction at present-day prices unsafe because of a possible drop in material prices in the next few years which would destroy their investments.

The material markets they think will have to meet the demand. The price must be operated. The war over, they have been returned to their plant-time state, and they must be kept in operation. If this cannot be done at present-day prices lower prices will be quoted until the big market is found.

These are the views of many builders and they seem logical looking at them in this light. Others do not see things the same as builders because labor prices have been pegged. The government has coddled the laboring man and the coddling must continue. This is sufficient in itself to hold prices up. It will have a material effect on the situation because labor is the great item of cost in manufacturing after all.

The builder is not accepting the views of the real estate man, which, of course, is not displeasing to the speculator. The builder wants to be sure of his investment before he launches new construction. Apartment buildings in the better sections plan to make sure of this by demanding ten-

Prices Advanced 40 Per Cent in the City and 75 Per Cent in the Country in Four Years

year leases of tenants who rent in houses which they are preparing to erect.

Builders' wariness of the situation may be attributed to the bitter lessons which they learned after the Civil War. Material prices soared high and it might interest folks to know that they reached levels above those prevailing to-day. Brick was selling last week at \$15 a thousand. Back in the period of wild speculation in real estate and house building from 1868 to 1872 brick sold for \$18 a thousand. Under such prices the fashionable residential section of the town, which was from Forty-second to Fifty-ninth Street and from Sixth to Madison Avenue, was built. In 1872 there were 200 houses under construction in this section at one time. Their

cost was between \$50,000 and \$85,000. Two years later there was a complete cessation of construction.

Wages and building material look value and with them went real estate values. Dwellings that cost \$50,000 merely to put up in 1872, sold for \$35,000 in 1876, and houses which cost \$85,000 could not be disposed of for more than \$50,000.

In 1872 the following prices prevailed in the construction field for New York:

Brick	\$14 to \$18 a thousand
Cement	\$2 to \$3 a barrel
Lime	\$1.15 to \$1.75 a barrel
Timber	\$20 to \$30 a thousand
Georgia pine	\$30 to \$40 a thousand
Mechanics' wages for day	\$2 to \$3
Laborers' wages for day	\$1 to \$2

Two years later these were the prices quoted for building material:

Brick	\$18 to \$20 a thousand
Cement	\$3 to \$4 a barrel
Lime	\$2 to \$3 a barrel
Timber	\$30 to \$40 a thousand
Georgia pine	\$40 to \$50 a thousand
Mechanics' wages for day	\$3 to \$4
Laborers' wages for day	\$2 to \$3

Mechanics and laborers worked ten hours for these wages instead of eight hours, as they did two years previous. Some of them were forced to the wall. Highly organized, as they are now, they are likely to-day to find such a wide fluctuation in the labor market.

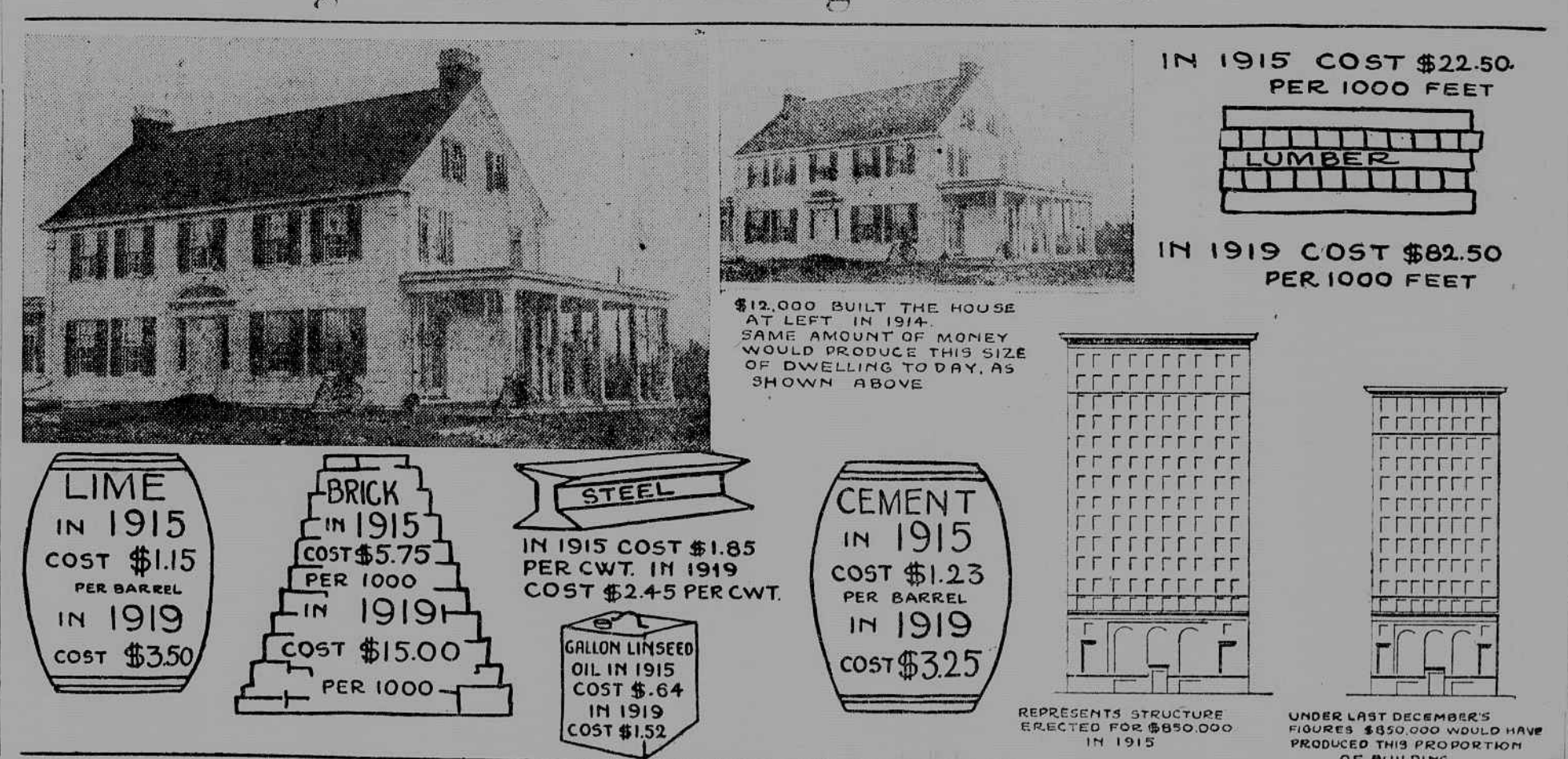
A fair portion of the prices which prevailed during 1872 and 1873 in the building field and those which held in last week's market is interesting. Last week's prices are:

Brick	per 1,000	\$15.00
Cement	per barrel	3.20
Rock	per yard	1.80
Gravel	per yard	2.00
Lime	per ton	2.75
Lumber	per M. ft.	115.00
Flooring	per M. ft.	42.00
Lath, spruce	per M. ft.	28.00
Sand	per yard	1.25
Fabricated steel	per cwt.	3.20

Many builders suffered great financial losses in the sudden fall of prices. Some of them were forced to the wall and never succeeded in freeing themselves from the financial mesh in which they became entangled at the time. The boom seemed well founded. Many houses had been erected at the high prices and sold readily, which encouraged still greater building campaigns. The trouble came when builders had committed themselves to supplies at the high prices.

The story of these days and incidents which have happened since have come down to the builders now in the saddle, and they are naturally going forward slowly, picking their footsteps as to speak, and are thinking of their own interests and not the public's. Many of them will wait until prices indicate a stability which will make it safe to invest in building operations. What happened after the panic of 1907 is additional food for reflection, and it can well be said that the builder is cautious.

Large Advance in Building Costs in Four Years



Queens Borough To Be Boosted as Great Home Centre

All Interests Unite to Secure for the Fast Growing Section Larger Population With All Its Benefits

Steps were taken last week by the Queens Chamber of Commerce which are expected to have results in the direction of attracting attention to Queens and the wonderful field that is there for home builders.

A real estate bureau is to be established in connection with the chamber, whose duties will be to co-ordinate the general interests of Queens. Its first task will be to induce builders to start building houses there along the new transit lines. This is to be done by showing why they should build in Queens and then getting them the money to support their operations. The business men of Queens feel that they will not be able to convince the builders as to the desirability of their section, but they expect trouble in getting lending institutions to support a home building campaign.

The bureau will devote all its time to the residential development of Queens. The organization of the bureau has been placed in the hands of a special committee, Edward A. MacDougall, chairman; Charles G. Meyer, Stuart Hirschman, Ray Palmer and Edward Roche.

The work of the bureau after its organization will be to interest loaning and banking institutions; real estate brokers throughout New York City and elsewhere; reputable builders; investors in the real estate market; and home-seekers.

Major Burgoyne Hamilton Resumes Former Line of Work

Douglas L. Elliman & Co. announce that Burgoyne Hamilton, a specialist in country property, has joined their organization as manager of the country department.

For the last two years Mr. Hamilton has been in the army, and from July to January last served in France as commanding officer of Headquarters Company, 70th Artillery, C. A. C. On his return to this country he received his commission as major. The country department of Douglas L. Elliman & Co. has recently been greatly enlarged for the handling of estates in Westchester, Connecticut and the north shore of Long Island.

Will Tell of Development Of Grand Central Zone

The New York Building Managers' Association will hold its monthly dinner meeting at the Republican Club, at 54 West Fortieth Street, on Thursday at 6:30 p. m.

William Marshall Ellis, of Chicago, president of the National Association of Building Owners and Managers, will speak on the convention to be held in Philadelphia, June 10 to 12. Leonard Schultz, of Warren & Wetmore, architects, will speak on "The Development of the Grand Central Zone."

\$500,000 Broadway Lease

The St. Regis Restaurant Company has leased the Silk Realty Company, for a term of nineteen years, at an aggregate rental of \$500,000, the store and basement 1267 Broadway, at the southwest corner of Forty-eighth Street. The lease is for a term of 19 years, from July 1, 1919, to June 30, 1938.

Discuss Means of Relief From Taxation Burdens

Stephen Yates Talks on Subject at Meeting of State Real Estate Association

Stephen Yates, James Frank and W. H. Mills were delegates from this city at the meeting of the Real Estate Association of the State of New York, held in Syracuse last week.

A discussion of means of relief from present burdens of taxation was led by Mr. Frank. Bills to be presented to the legislature relating to the division of land and control of operators, with the special object of eliminating the activities of dishonest developers were considered.

Senator Livingston, chairman of the State Tax Committee, spoke of the necessities that led to the framing of the state income tax bill. He emphasized the need of an effective check on expenditures as being equally as if not more, important than new sources of revenue. He showed how there was no other available source of additional revenue than the income tax, and stated that his bill provided for the division of the revenue, 50 per cent to be returned to the municipalities and 50 per cent to be used for state expenses.

The proposition for the organization of a state mortgage bank to be back of the present mortgage institutions as the Federal Reserve Bank is back of the commercial institutions was supported by John W. Paris, of New York. The objections to the bill were brought out by Douglas E. Pett, treasurer of the Onondaga County Savings Bank.

Dwelling Buyers Help To Relieve Housing

Purchaser of East 34th Street Premises to Alter Them Into Apartments

Douglas L. Elliman & Co., as brokers, report that contracts have just been executed in the sale for Frederick J. Sterner of the four-story dwelling at 107 East Thirty-fourth Street, on a lot 20x100, adjoining the Robert Bacon residence at the northeast corner of Park Avenue. The purchasers are L. A. Pincus, who will probably alter the house into stores and studio apartments.

James Kyle & Sons have sold for Albert Hartog, Jr., the two-story dwelling at 429 East Fifty-seventh Street. The Rutland & Whiting-Benjamin Corporation have resold the three-story and basement dwelling at 232 East Sixty-first Street. The house is to be altered into an American basement dwelling.

West Side Dwellings Sold

Pease & Elliman have resold for M. S. Orth to a physician the four-story and basement dwelling on a lot 20x100 at 24 West Seventy-first Street. The seller bought the property about a month ago.

George Raymond has sold to former State Tax Commissioner Joseph S. Schwab, representing the Schwab Realty Company, the four-story dwelling, 19x100x5, at 116 West Eighty-sixth Street. The house is to be altered into an American basement dwelling.

Named Agents for Cambria

Mark Rafalsky & Co. has been appointed agent for the Cambria, an eight-story apartment house at 347 to 355 West Fifty-fifth Street.

Own-Own-Home Campaign Becomes Nation-Wide

Government Urging All to Build as Solution for High Rentals; 10,000 Real Estate Men Take Up Cause

In the nation-wide building campaign now being carried on by the United States Department of Labor, the Own-Own-Home branch of the work, under Paul C. Murphy, has enlisted wide cooperation. Ten thousand members of the National Association of Real Estate Boards have pledged themselves to work with the department in its effort to stimulate interest in the construction of dwellings, and many cities have enlisted in the "build now" movement.

According to estimates, the United States is now something like half a million houses short of the number actually needed. Rentals have risen to a point that encourage a survey into the cost of building, and a survey of present conditions has given assurance that after the war costs are not prohibitive. Real estate values have had no advance in proportion to other values and there is much to assure prospective builders, according to statistics gathered by the public works and education departments' Information and Education Service.

Mr. Murphy, before asking hold of the Own-Own-Home work, had started in Portland, Ore., where he is president of the local realty board, plans for the building of fifty houses, and there are evidences of confidence in a revival of construction work in many parts of the state. A special campaign in Oregon will give local aid to the government's efforts to hasten the spring activity in all lines of construction work. The fact that the demobilization of the army has released many men expert in the building trades furnishes unusual opportunities to employ labor and to furnish a solution of the most pressing problems of industrial readjustment.

In connection with the Own-Own-Home movement there is reported a decided tendency to apply artistic ideas to the government's efforts to hasten the spring activity in all lines of construction work.

Many Plots Purchased In Long Island City

Increasing activity in Long Island City was evidenced by a number of lot sales made by the Cross & Brown Company yesterday.

They have sold to S. Jacobs ten lots extending from Sixth to Seventh avenue, north of Pierce Avenue, for Abraham Altman; to the same buyer, two lots immediately adjoining for Rudolph Bruer; to Harry Harris a plot at the southwest corner of Graham and Seventh avenues for Annie Black, and to E. Fingerhut a plot of eight lots on the east side of Sixth Avenue, forty feet south of Graham Avenue through to Seventh Avenue, for J. J. Buckley and Edward Cominsky.

Sherry's at 5th Ave. and 44th St. Taken by Guaranty Trust Co.

Sherry's taken for trade, the impossible has been lifted from all Fifth Avenue. Until last week there were comparatively few who could think of Louis Sherry surrendering his corner. It was only a short time ago that he renewed his lease on the property with the Brokaw family and secured control of the parcel adjoining on Fifth Avenue, indications to many of the intentions of Mr. Sherry to hold there.

Mr. Sherry was not against making some profit out of the real estate he controlled, and he told several Fifth Avenue brokers who had approached him on the matter that he would sell his lease for \$2,000,000. Whether Mr. Sherry was serious when he said this is not known, but there are a number of brokers who held that he would not get his figure.

Progress cannot be denied. The development of the "Uptown Wall Street" section has brought big business to the Guaranty Trust Company, and it was essential to its future that larger premises than those taken over by a year and a half ago in the Postal Life Building, at the southeast corner of Fifth Avenue and Forty-third Street, be secured. They could not be had in the Postal Life Building, in property structures adjacent. In fact, there was no space sufficient to accommodate the demands of the trust company to the building at Fifth Avenue and Forty-second Street section. The officials of

5th Ave.'s Trade Expansion Routing Famous Landmarks; Sherry's Gives Way to Trust Co.

The institution was despairing of finding additional offices when they heard that Mr. Sherry had said that he would leave his building for a price.

Price was nothing to the trust company in such a predicament, space was the factor and it entered into negotiations with Mr. Sherry for his well known hostility. The deal was closed last week. Mr. Sherry will move to the premises which the trust company occupies in the Postal Life Building. He will fit up the lower part of the building as a restaurant, which will be different from any so far introduced to New York.

It is said that Mr. Sherry will confine his efforts in the future to the operation of a restaurant. This means that he is through with the operation of a hotel. There have been rumors that he planned to develop a certain well known Fifth Avenue corner in that vicinity, but Mr. Sherry has told a number of real estate men that he has no such intentions.

Captain Kidd's Old Home Taken for Restaurant

Reputation May Have Had Influence in High Rental for Property

The building at the southwest corner of Pearl and Hanover streets, on which site, it is said, once stood the home of "Captain Kidd" has been leased for restaurant purposes. The

lease seems to indicate that the lessor believed that it is there the famous pirate had "his money hid," for it calls for a rental just double that of the present value of the property.

The property has been taken over by the Cable Cafe and Restaurant Company for a term of twenty-one years at an aggregate rental of \$300,000, including taxes.

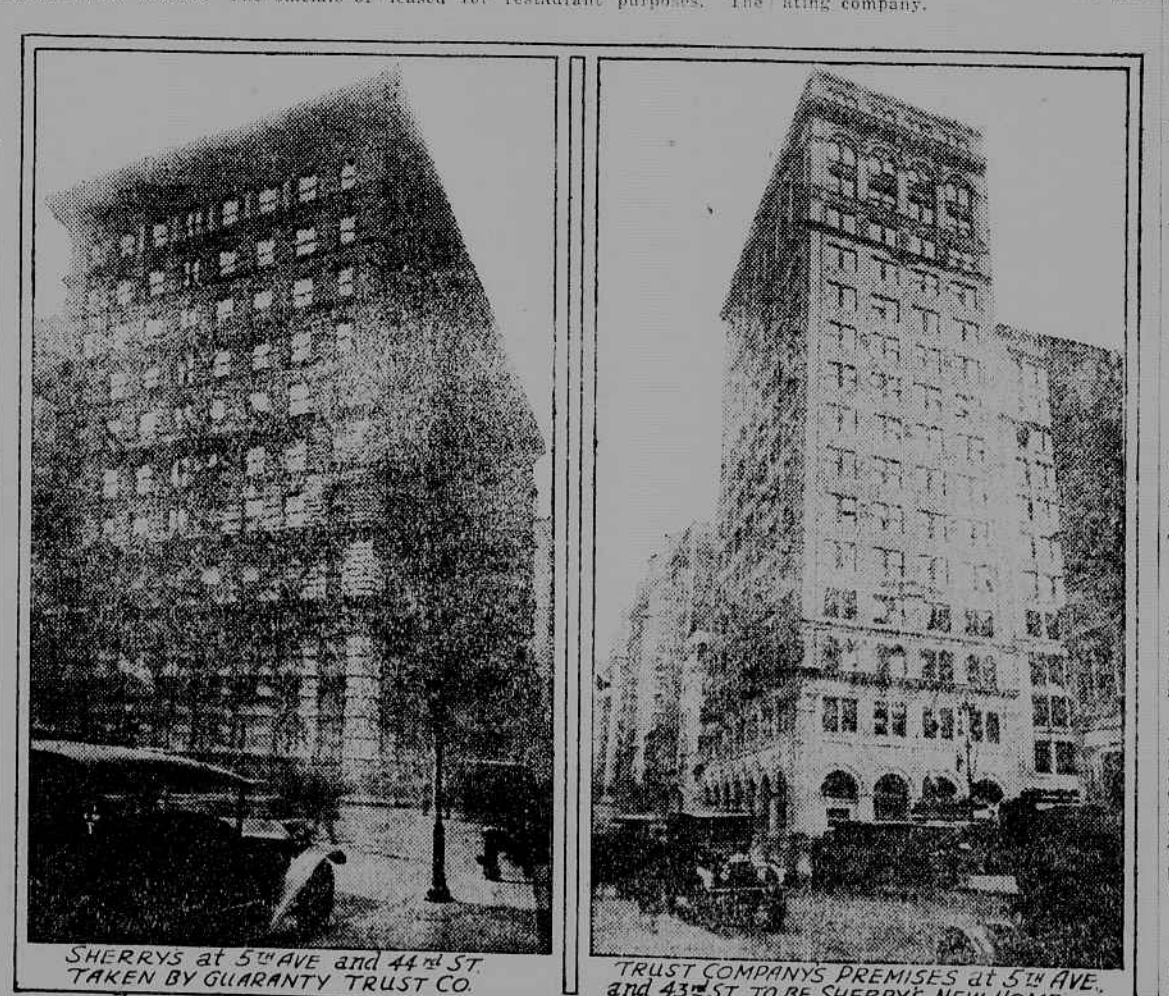
The building, which is four stories on a plot 40x65, is to be extensively altered for office and restaurant use by the leasing company, consisting of Charles Riemenschneider and Richard Schur. Schur was formerly steward of the Lakewood Club.

While many statements have been made regarding the residence of Captain Kidd, it is generally believed that this location just leased by the restaurant company is the original.

\$500,000 Hotel Planned For Newark Site

A new hotel, to be called the "Military Plaza" and to cost \$500,000, is projected for Newark. It will contain 200 rooms and the same number of baths, and will be erected at 22-26 East Park Street. The building will be ready for occupancy by October.

The building will be seven stories high, 68 feet wide and 160 feet deep. Edward V. Warren is the architect. It will be built for Harry and Joseph Kravut, who will lease it to an operating company.



Big Movement to Relieve the Housing Situation

One Firm to Build 2,400 Homes in Baltimore, to Cost \$9,000,000

Steps were taken in Baltimore last week to relieve the housing situation. According to statistics of Baltimore civic organizations, there is a shortage there of between 5,000 and 6,000 homes. Announcement was made by Frank Novak, of the Frank Novak Realty Company, that his company plans to erect 2,400 brick dwellings on 120 acres of land in northeast Baltimore.

The tract on which the houses will be erected is part of the old Garrett estate, known as Montebello. It will represent an investment of \$9,000,000 when completed, it is said. Work on the proposed improvement is expected to be started in the near future.

It is planned to cut the property up into forty full sized city blocks. The tract is located between Twenty-ninth and Thirty-fifth Streets, with Hillen Road on the east and Venable Park on the west. The price of the houses will be in the neighborhood of \$4,000 each. Speaking of the project in a recent issue of "The Daily Bulletin," issued by "The Manufacturers' Record," Baltimore, Mr. Novak says:

"Building modern, high quality, higher, and in some instances much higher than they ought to be. However, a man is foolish to delay construction in anticipation of minor fluctuations which will cause only material reductions at best. So far as the cost of labor is concerned, I do not want to see any decline, nor do I expect it. Five thousand new homes are wanted in Baltimore right now, normal times 2,000 new homes are built here annually. During the last four years only 2,000 houses have been built."

Investors Again Interested In Broadway Lofts

Aronson Resells Tall Structure Near Broome Street to Buyer for Investment

Harry Aronson has sold to an investor 491-493 Broadway with "L" to Broome Street, a twelve-story loft building in the cotton converting district. Walter H. Warren, of Warren & Skillion, was the broker. Mr. Aronson took in part payment \$52,558 West 149th Street, four private dwellings on plot 65x100. Mr. Aronson purchased the Broadway property from the Adams Express Company recently. He sold at an advance.

Tall Loft Improvement Reported for 7th Avenue

A deal is under way, according to reports, for the sale of 205 to 217 West Thirtieth Street and 482 Seventh Avenue to a printing concern, which plans to erect a seventeen-story commercial loft.

The property, which is owned by the Whitney Corporation, Whitney Lyon president, has a frontage of 187 feet on Thirtieth Street, adjoining